GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2118
ANSWERED ON:06.05.2016
Loan to Backward Categories
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Will the Minister of FINANCE be pleased to state:

(a) whether the Public Sector Banks (PSBs) have not been able to achieve the target of providing loans to the most backward categories despite the official instructions.
(b) is so, the details thereof: an
(c) the steps taken by Government in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a)&(b)Reserve Bank of India in its guidelines on Priority Sector Lending (PSL) has set a target of40 per cent of Adjusted Net Bank Credit (ANBC) for lending to the priority sector by Schedule Commercial Banks (SCBs) including Public Sector Bank (PSBs).Withinthis, a sub-target of 10 per cent of ANBC has been mandatedforlending to weaker sections which includes, among others, persons from Scheduled Castes (SCs) & Scheduled Tribes (STs). RBImonitors the credit delivery by banks. PSBs have achieved the prescribed target and the credit to weaker sections stood at 10.47% as on 31.03.2015.
PSBs have been advised by RBI to disburse loans under "Start-ups India" Programme to the tribal / dalit / women entrepreneurs through bank branches which is in alignment with RBI's existing instructions to increase credit flow to the Micro sector and PSL guidelines. Banks were advised to take appropriate action to implement the directions of the Hon"ble Prime Minister for extending credit to tribal / dalit / women entrepreneurs through each of their branches.

(c) RBI has issued standing instructions to banks in the form of Master Circular - Credit facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs) which is updated every year (latest being July 1, 2015) to give special emphasis to the welfare of the scheduled castes and scheduled tribes and take measures to step up their advances to SCs /STs which inter-alia include:

â€¢ At the block level a certain weightage is to be given to scheduled castes / scheduled tribes in the planning process.
â€¢ Credit planning should be weighted in favour of SCs/STs. Loan proposals of these communities should be considered sympathetically and expeditiously.
â€¢ While "adopting" villages for intensive lending, villages with sizeable population of these communities may be specially chosen.
â€¢ Banks should not insist on deposits while considering loan applications under Government sponsored poverty alleviation schemes / self-employment programmes from borrowers belonging to SCs / STs.
â€¢ If applications in respect of SCs / STs are to be rejected, it should be done at the next higher level instead of at the branch level. Further, reasons for rejection of applications should be clearly indicated.
â€¢ The National Scheduled Tribes Finance & Development Corporation and National Scheduled Castes Finance & Development Corporation have been set up under the administrative control of Ministry of Tribal Affairs and Ministry of Social Justice & Empowerment, respectively. The banks should advise their branches / controlling offices to render all the necessary institutional support to enable the institution to achieve the desired objectives

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